

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

IN THE MATTER OF THE APPLICATION
OF SCS CARBON TRANSPORT LLC FOR
A CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE MIDWEST CARBON EXPRESS
PROJECT IN BURLEIGH, CASS, DICKEY,
EMMONS, LOGAN, MCINTOSH,
MORTON, OLIVER, RICHLAND AND
SARGENT COUNTIES, NORTH DAKOTA

CASE NO. PU-22-391

DIRECT TESTIMONY OF DAN PICKERING

ON BEHALF OF

SCS CARBON TRANSPORT LLC

April 22, 2024

1 **Q. Please state your name, present position and business address for the record.**

2 A. My name is Dan Pickering. I am the Founder and Chief Investment Officer of Pickering
3 Energy Partners (“PEP”). My business address is 100 Waugh Drive, Suite 600, Houston,
4 TX 77007.

5 **Q. Please briefly describe your educational and professional background.**

6 A. I have a Bachelor of Science in Petroleum Engineering from the Missouri School of
7 Science and Technology and a Master of Business Administration from the University of
8 Chicago. I have over thirty years’ experience as an energy portfolio manager, researcher
9 and analyst. PEP is a financial services firm focused on the energy sector. In my role at
10 PEP, I am an energy analyst and strategist, portfolio manager and investment banker. Prior
11 to joining PEP, I served as the President of Tudor, Pickering, Holt & Co., and Chief
12 Investment Officer of TPH Asset Management.

13 **Q. What is your role with respect to Summit’s carbon dioxide pipeline project?**

14 A. Summit has asked me to advise on the financial and economic aspects and impacts of the
15 project.

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to provide the North Dakota Public Service Commission
18 (“Commission”) with information concerning the benefits of Summit’s project to North
19 Dakota, including job and revenue creation, the potential for enhanced oil recovery and
20 attracting other businesses to the state.

1 **Q. How will Summit’s project create both temporary and permanent jobs in North**
2 **Dakota?**

3 A. The Summit project is large-scale undertaking involving significant capital expenditures
4 to build/install the pipeline itself, along with the injection and monitoring facilities.
5 According to Ernst & Young’s April 2022 report, approximately \$900 million will be spent
6 in North Dakota on ~350 miles of pipeline and related facilities. Given the significant
7 size/scope, pipeline construction will last for several years. If several years is considered
8 temporary, Ernst & Young estimates direct employment in North Dakota associated with
9 this part of the project at ~1400 jobs (suppliers and contractors) with another ~500 jobs
10 created indirectly. Economic impact associated with this activity was estimated at \$1.1
11 billion, a figure that is almost certainly higher in 2024+ given inflationary impacts. In
12 today’s market, the employment estimate of 1500-2000 jobs is realistic, but the economic
13 impact will be closer to \$1.2-\$1.3 billion from my perspective (+5-15% above 2022
14 estimates).

15 After completion and startup of the Summit project, the ongoing business of the carbon
16 capture, utilization and storage (“CCUS”) project will be to administer and oversee the
17 import and injection of 10-20 million metric tons per annum of CO₂. Based on information
18 from Summit and the 2022 Ernst & Young report, the project should generate 30-50 full
19 time North Dakota jobs, with 2x-3x full time North Dakota jobs coming from
20 suppliers/vendors and their associated impact (or 60-150 additional jobs). Thus, the total
21 North Dakota jobs impact will be 90-200, most likely at above average income generation.
22 Ernst & Young estimates ~\$50 million of economic impact or roughly \$100,000-\$200,000
23 per person employed, which, from prior experience, is consistent with other energy projects
24 across the country.

1 **Q. How do these additional jobs benefit other businesses and citizens operating and**
2 **living in North Dakota?**

3 A. First, and in addition to what I have already testified to, high paying Summit jobs should
4 have a magnifying effect on overall employment as the spending from direct employees
5 filters through to economic growth and the need for additional employment in
6 service/ancillary businesses.

7 Second, it is possible that North Dakota could become a central player in the US CCUS
8 industry given the clear time/volume/price advantage that will be created by the Summit
9 project. It is hard to predict exactly how this could manifest, but becoming a leader in
10 clean energy has to be viewed as a positive for the state and its people (much like being a
11 technology leader has benefited Palo Alto and California).

12 **Q. What additional revenue will Summit's project bring to North Dakota, both private**
13 **and public?**

14 A. First, CCUS projects require the operator to lease underground pore space to sequester the
15 injected CO₂. These lease payments go directly to North Dakota landowners.

16 Second, CCUS projects use meaningful amounts of power, which means Summit will have
17 to source power from North Dakota electric power generators. The 2022 Ernst & Young
18 report indicates \$4 million of power will be sourced in North Dakota.

19 Third, the Summit project will initially gather CO₂ from one North Dakota ethanol plant
20 (Tharaldson), generating economic uplift for the facility owners and North Dakota.

21 Additional ethanol plants may be incentivized over time by the proximity of Summit's
22 pipeline and the tax credits associated with carbon sequestration.

23 Fourth, the implementation of Summit's project should establish North Dakota as a primary
24 player in the CCUS industry. This first mover halo should allow North Dakota to attract

1 incremental volumes of CO₂ and bring in additional clean energy companies/jobs/revenues
2 for the state.

3 **Q. Are there any other direct or indirect economic impacts of Summit's project?**

4 A. Yes, Summit's project will promote future CCUS opportunities, expansion of the CO₂
5 utilization industry, bolster revenue diversification and provide benefits to North Dakota
6 farmers.

7 As North Dakota becomes central to and entwined in the United States carbon sequestration
8 and overall carbon market via the Summit project, the likelihood increases that future
9 CCUS projects can/will be sited in North Dakota. While Summit's 20 million metric tons
10 per annum project is meaningful, the potential to double or triple CCUS in North Dakota
11 certainly exists, with commensurate increases in economic impact.

12 Also, CO₂ is used in fertilizer production (urea), agriculture (greenhouse), food &
13 beverage, metal fabrication and other industries. These industries could grow/expand/enter
14 North Dakota with positive impacts on job creation and economic impact.

15 In addition, diversification of North Dakota's revenues/economy will occur with the
16 Summit project and the advent of CCUS in North Dakota. In the future, revenues from the
17 CCUS industry should help offset the inevitable decline of hydrocarbon production and the
18 associated decline in tax revenue and economic impact.

19 Last, carbon sequestration enhances the economics of ethanol production through the
20 generation of tax credits and incremental revenue. By enhancing ethanol profitability, the
21 Summit project helps bolster demand for ethanol production, which drives corn demand
22 and should ultimately support/enhance corn prices. Higher (or more steady) corn prices
23 should flow through to benefit all corn farmers, including those in North Dakota.

1 Quantifying that impact is difficult because predicting prices of any commodity, including
2 corn, is extremely challenging, but the direction impact is positive.

3 **Q. How does Summit’s project help fulfill other energy needs of North Dakota?**

4 A. It is likely that more CO₂ will enter North Dakota over time. This CO₂ can support
5 Enhanced Oil Recovery projects (EOR) in the Bakken Shale and conventional fields to
6 generate higher recovery/production volumes and extend the life of these fields. This
7 should result in sustaining or enhancing the benefits currently being generated for the
8 state/population by the energy industry.

9 **Q. Does this conclude your testimony?**

10 A. Yes.

11

12 **Dated this 18th day of April 2024.**

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DocuSigned by:
Dan Pickering
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Dan Pickering

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